

News Release

Verizon Concerned That New Jersey Utilities Board Set New  
Wholesale Rates Artificially Low

Nov. 20, 2001

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**BACKGROUND** - The New Jersey Board of Public Utilities today ordered new wholesale rates for leasing portions of Verizon's network known as unbundled network elements. The proceeding was a review of rates originally set by the board in 1997. The following response should be attributed to Bruce Cohen, general counsel of Verizon New Jersey.

"Verizon is studying the board's decision and its implications for the company and for New Jersey. We are concerned that the unbundled network element (UNE) rates ordered today were set at a level designed to artificially stimulate competition, instead of basing them on the established federal pricing formula.

"Other carriers can compete today using Verizon's network. However, the real goal of the federal Telecommunications Act is to encourage competitors to build their own networks. That's why the Act said rates must be just, reasonable and based on cost. The pricing formula currently required by the Federal Communications Commission already fails to account for all Verizon's costs. Rates that fail to meet even the FCC's standards only exacerbate the problem.

"Wholesale rates should encourage rather than discourage real competition. The business challenge for AT&T and others should be not to force Verizon to offer below-cost service, but rather to provide added value for customers they wish to serve. It's time for these companies to become Competitive Local Service Providers, who add value and build new networks, not just Competitive Local Exchange Carriers, who simply resell Verizon's services or use its network."

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